



Michigan State AFL-CIO

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Testimony before the House Oversight and Investigations Committee

My name is Michael Keller and I am here to represent Michigan State AFL-CIO. Thank you for this opportunity to speak about this legislation.

Michigan State AFL-CIO is opposed to HB5953-54.

These bills will require public employees, including teachers, to pay an additional 3 percent of their wages toward their pension benefits.

We ask you to keep in mind the sacrifices our members have already made:

- The Legislature recently increased new school employees' contribution level for any income over \$15,000 from 4.3% to 6.4% and will require them to work for many more years to be fully eligible for retiree health benefits.
- For fifteen years all new state employee hires have been enrolled in a defined contribution retirement plan rather than the preferred defined benefit plan.
- State employees have taken over \$650 million in both voluntary and involuntary wage and benefit concessions and have agreed to reopen current contracts to accept additional wage and benefit concessions including furlough days, banked leave time and a two-tier health care structure that requires new hires to pay 20% of their health care premiums.
- Local public employees (including public school employees) have been negotiating similar concessions.
- Public school employee workforce has been reduced by over 10%, while services to children have increased dramatically.
- The State workforce has been cut by over 11,000, requiring state employees to pick up additional workloads including horrendous caseloads of up to 900 per month for some human service workers, and extensive mandatory overtime in state institutions. Studies have concluded this has saved Michigan \$3 billion in wages and benefits over the last decade.
- In total, State workers have taken over \$4 billion in various forms of concessions.
- This proposal would effectively reduce wages by an additional 3% beyond the losses these workers have already suffered.

These workers are already making sacrifices to help in the State's budgetary problems, but they cannot shoulder anymore burden. The state is suffering from a structural budget deficit. Cuts alone will not solve this problem. We propose a balanced approach to solving this crisis; a balance that includes both reforms and revenues. Reforms should include a thorough review of all tax credits and incentives, and revenue reforms, such as expansion of sales tax on services and a graduated income tax.